

CHAPTER - 15

TEXTILES ENGINEERING INDUSTRY

INTRODUCTION

15.1 The Textiles Engineering Industry (TEI) is one of the largest capital goods industry in India and has contributed substantially over the last five decades to the economy of the country in term of providing modern machinery to the different segments of the textiles industry, and exporting 20 to 25 percent of its production to more than 50 countries of the world.

15.2 The TEI consists of over 700 machinery and equipment manufacturing units; over 250 units producing complete machinery, and the remaining, parts and accessories. The investment in the industry is in the range of Rs.1, 750 crore with an installed capacity of Rs.3, 800 crore. The capacity of this industry had shrunk to Rs.3, 050 crore as a result of the deep recession in the past which forced many units, some of them major, to close down/discontinue their production activities. However, due to the spurt in demand from the textiles industry during the last 2-3 years, the capacity has been revived to the earlier level of Rs. 3800 crore.

15.3 As a consequence of pre-dominance of the decentralized sector in the textile industry, the demand for domestic capital goods (generally) and hi-tech ones (specifically) has been almost non-existent in the past, except in the spinning sector. This, in turn, has influenced the capacity creation and technological levels in the Textiles Engineering Industry. The entire range of machinery required for spinning is manufactured by TEI. However, in the absence of an economically viable demand in the past the Textiles Machinery Manufacturing Industry (TMMI) has not built up enough capacity to produce hi-tech weaving, knitting and processing machines.

15.4 In the past, the TEI had largely depended on foreign technical/technical-cum-financial collaborations, and indigenous development was not significant. Till the liberalization of the Industrial policy in 1991, a number of foreign collaboration agreements were in operation. Most of these agreements expired after 1991 but were not renewed, as the foreign companies were able to sell their machineries directly to the textiles industry due to the liberalized import regime.

15.5 There has been insufficient research and development by the textiles engineering units and the R & D set up by the industry at IIT, Powai has yet to contribute effectively for the development of technology. Thus, weaving, knitting and processing machinery is of relatively old and outdated technology, and garmenting machinery is not being produced in the country.

PERFORMANCE DURING THE TENTH PLAN PERIOD

15.6 The fortunes of the textiles engineering industry are linked with the textiles industry and the performance of the textiles engineering industry has shown significant improvement during the last 2-3 years in line with textiles industry.

Table - 15.1
Production of textile machinery

(Value in Rs. crore)

CATEGORIES	2001- 02	2002-03	2003-04	2004-05	2005-06 (Provisional)
Spinning & allied machines	486.22	581.67	681.16	995.78	1326.55
Synthetic fibre/yarn machines	54.59	96.30	98.28	51.03	36.69
Weaving & allied machines	78.48	78.25	87.58	116.66	157.10
Processing machines	78.71	73.19	110.99	135.81	229.78
Miscellaneous (spinning, weaving & processing) machines	4.49	6.99	9.40	12.10	12.12
Textile testing / monitoring / controlling equipment / systems	25.70	38.78	49.80	57.80	43.93
Hosiery needles & machines	55.78	26.07	44.27	39.19	42.34
Textile machinery parts & accessories	288.49	273.79	259.12	276.44	302.59
Total	1072.46	1175.04	1340.60	1684.81	2151.10
Percentage Increase		+10 %	+14 %	+26 %	+28 %

Source: Office of Textile Commissioner & TEI

15.7 The production of textiles machinery has been steadily increasing over the last five years and a significant increase of 28 percent has been recorded during the year 2005-06. The capacity utilization of the industry has also been gradually increasing. It has increased from 28 percent in 2001-02 to 57 percent in 2005-06.

15.8 Despite significant increase in production during the Tenth Plan period, the production has been well below the overall target fixed for the Tenth Five Year Plan. Though, it has exceeded the target of export requirement in each year of the Tenth

Plan, but due to a significant short fall in domestic requirement, there has been an overall shortfall in the range of 30 to 40 percent. However, the shortfall has been showing gradual reduction during the Plan period.

Table - 15.2
Projected Targets vis-à-vis achievement

(Rs. crore)

Year	Export Requirement		Domestic Requirement		Total Production	
	Target	Achievement	Target	Achievement	Target	Achievement
2002-03	285	406	1380	769	1665	1175
2003-04	325	535	1585	807	1910	1341
2004-05	370	476	1820	1209	2190	1685
2005-06	425	476	2090	1676	2515	2151
2006-07	485	525(E)	2405	2275 (E)	2890	2800 (E)

E- Estimated

15.9 The imports of textiles machinery have also been steadily increasing during the last five years as per the details given in Table 15.3.

Table - 15.3
Imports of Textiles Machinery

(Value in Rs. crore)

Year	Import of textiles machinery	Imports (less parts imported by machinery manufacturers)
2000-2001	1358	1162
2001-2002	1393	1232
2002-2003	2010	1834
2003-2004	2380	2179
2004-2005	3552	3299
2005-2006 (P)	7100	6777
2006-2007 (E)	7600	7180

Source: DGCI&S, P = Provisional, E = Estimated

APPROACH TO THE ELEVENTH PLAN

15.10 The textiles machinery is one of the critical inputs in the accelerated growth process of the textiles industry. Therefore, the import of textiles machinery at a concessional rate of duty is necessary, particularly where the textiles engineering

industry does not have adequate capacity. However, simultaneously, Indian textiles engineering industry will be encouraged to increase its capacity to meet the demand of the different segments of the textiles industry in a time bound manner.

PROJECTIONS FOR THE ELEVENTH PLAN

15.11 During the last couple of years, the production of textiles machinery, components, spares and accessories has increased by more than 25 percent to 28 percent per annum. Considering the requirement of textiles machinery by the industry to achieve its target and the growth, it is projected that the production (inclusive of export production) of textiles machinery would increase at the rate of 30 percent per annum during the Eleventh Plan period.

Table - 15.4

**Projections of production of Textiles Engineering Industry
for the Eleventh Five Year Plan**

(Value in Rs. crore)

Year	Exports	Domestic	Total Production
2007-08	575	3025	3600
2008-09	630	4070	4700
2009-10	700	5400	6100
2010-11	770	7130	7900
2011-12	850	9450	10300

15.12 The existing installed capacity of Rs. 3800 crore would not be adequate to meet the production target. Therefore, capacity would have to be augmented expeditiously by this industry, otherwise large scale imports will take place. The TEI has to triple its capacity from existing Rs. 3800 crore to Rs. 10,300 crore by the terminal year of the Eleventh Plan.

15.13 The total investment required to increase capacity would be about Rs.4700 crore. The existing and projected capacity for machinery critical to the textiles industry is given in Table 15.5 below:

Table - 15.5**Existing and projected capacity of critical machinery**

(In nos.)

Sr. no.	Segments	2005 – 06 (Existing)	2007-08 (Projected)	2011-12 (Projected)	Fund Requirement (Rs./crore)
1	Spinning	2041 nos Ring Frames (2.09 million spindles)	2900 nos Ring Frames (2.97 million spindles @ 1024 spdls per frame)	3500 nos Ring Frames (3.85 million spindles@ 1100 spdls per frame)	1695
2	Weaving				
i	Shuttle less looms	5000	8000	20000	577
ii	Automatic	1000	2000	5000	95
iii	Semi automatic loom	2000	3000	5000	40
iv	Powerlooms	25000* nos estimated	25000	20000	Nil
	Total				712
3	Knitting Machine	Nil			
4	Processing machinery				
i	Bleaching & mercerizing m/c	36	60	100	154
ii	Dyeing m/c	400	680	1100	385
iii	Printing	144	245	350	193
iv	Drying m/cs	153	260	350	173
v	Finishing range	90	155	275	616
	TOTAL				1521
5	Garmenting(stitching machines)	Nil			
6	Others				
	Spares & accessories	Rs. 303 crore	Rs. 330 crore	Rs. 500 crore	772
	GRAND TOTAL				4700

*production not reported

m/c- machines

RECOMMENDATIONS

15.14 The Textiles Engineering Industry can achieve a projected growth rate of 30 percent with support from the Government in terms of a conducive policy environment and funding assistance for critical areas.

Transfer of Textiles Engineering Industry from Ministry of Heavy Industries to Ministry of Textiles

15.15 Textiles machinery is a critical input for the textiles industry. Therefore, the textiles engineering industry should be transferred to the Ministry of Textiles for formulation and implementation of a time bound action plan to increase the availability of indigenous machinery in synchronization with the need of different segments of the textiles industry.

Rationalisation of Fiscal Policy

15.16 The excise and custom duty structure on the textiles machinery industry should be rationalized in terms of lower duty structure on raw materials / components, parts and accessories vis-à-vis complete machinery. The excise duty on complete machinery should be reduced to 8 percent from 16 percent, and on raw materials, parts, components, accessories and spares to 4 percent subject to actual user condition.

Promotion of Research & Development of Technology

15.17 The R&D Centre at IIT, Mumbai needs to be strengthened. A one time Capital Grant of Rs.100 crore may be granted to the R&D Centre at IIT with a provision of Rs.10 crore per annum as recurring grant for effective operation of the R&D Centre. Other R&D Institutions engaged in TEI should also be assisted from this fund.

Modernization of Textiles Engineering Units on lines similar to the TUF Scheme

15.18 The total investment required by the TEI is Rs.4, 700 crore to increase its capacity. Considering 65 percent as debt amount, i.e., Rs.3,055 crore, the 5 percent subsidy, considering the TUF norms of ten years repayment period including two years moratorium, works out Rs.642 crore for the ten years period. During the Eleventh Five Year Plan period, the subsidy would be Rs.321 crore. The 10 percent

capital subsidy may also be given for some critical items. Therefore, TUFs for TEI may be launched with Rs.400 crore fund requirements.

Capital assistance for Development of Machinery

15.19 Capital assistance should be given for development of modern weaving machinery, garment machinery, processing machinery, machinery for environmental protection, conservation of energy etc. An amount of Rs. 200 crore may be earmarked.

Proposed Plan Outlay

Promotion of R & D of technology	Rs. 150 crore
Modernisation of units – TUFs	Rs. 400 crore
Capital assistance for development of modern Weaving, Garment machinery, Processing machinery etc.	Rs. 200 crore
Total	Rs. 750 crore